

**Duty to Serve Rulemaking
Proposed Rule (80 Federal Register 79182 (Dec. 18, 2015))**

**Meeting of the Federal Housing Finance Agency (FHFA) and the California Reinvestment
Coalition (CRC) on the Duty to Serve Proposed Rule
March 17, 2016**

Attendees (in-person):

FHFA staff: Director Melvin Watt, Jim Gray, Megan Moore, David Sanchez, Sandra Thompson, and Ted Wartell

Kevin Stein (California Reinvestment Coalition)
Rob Weiner (California Reinvestment Coalition)
John Fowler (People's Self Help Housing)
Darryl Rutherford (Sacramento Housing Alliance)
Selma Taylor (California Resources and Training)

Summary: On March 17, 2016, FHFA staff identified above and FHFA Director Melvin Watt met with members of CRC, which submitted written comments to FHFA on FHFA's proposed Duty to Serve rule later that day, to discuss CRC's comments on the proposed rule. The following is a summary of the attendees' discussions at the meeting and reflects solely the views of the attendees as captured by FHFA staff.

Rural Housing Market

CRC recommended that the Duty to Serve rule use the U.S. Department of Agriculture's definition of "rural," stating that it would be confusing to use another definition. CRC said that the proposed rule's definition of "rural area" would omit most of rural California, and would not work well with larger counties, which are more common in western states.

Affordable Housing Preservation

Section 515 Properties

CRC stated that it agreed with other commenters on the proposed rule that the maturing mortgage crisis for section 515 properties should receive priority for affordable housing preservation because of the large number of vulnerable people in such properties.

Low-Income Housing Tax Credits (LIHTCs)

CRC indicated that it would want to see some prioritization of where the Enterprises may buy LIHTCs for communities where LIHTC investment lacks competition.

Existing Properties versus New Construction

CRC stated that older affordable housing units can be more efficiently preserved than building new affordable housing units.

Manufactured Housing Market

CRC stated that manufactured housing communities are difficult to finance. CRC noted that there are significant numbers of manufactured housing communities located in wealthy counties near the ocean that are the only sources of affordable housing and, therefore, should be preserved.

Assessment Factors

Investments and Grants Assessment Factor

CRC recommended that the Enterprises be allowed to make housing counseling grants, even in conservatorship, and receive Duty to Serve credit for this.

Outreach Assessment Factor

CRC stated that, in conservatorship, the Enterprises are not able to market their services as much as they should, that people need to know they are there, and that they need to put more resources into marketing.

Other

Lines of Credit for Community Development Financial Institutions

CRC recommended that Duty to Serve credit be provided for Enterprise lines of credit to community development financial institutions.